

Introduction

"When a promising project doesn't deliver, chances are the problem wasn't the idea but how it was carried out."

Matta and Ashkevas, "Why Good Projects Fail Anyway", Harvard Business Review, September 2003

In any project, risk is linked to the probability of attaining a specific outcome. Risk is thus very closely intertwined with uncertainty -- uncertainty about delivering on time, uncertainty of keeping within the budget, and uncertainty of meeting expected performance, quality standards, and client needs. And if the project is also innovative and complex, risk is dramatically multiplied.

Collaboration within government or between the public and private sectors for the delivery of public services involves partners from different organizations pursuing different, sometimes conflicting, objectives. The participating organizations are usually engaged in large-scale projects that address very visible problems, making significant use of new processes and technologies. All these components are potential sources of risk. Fortunately, most risks can be managed if they are identified and understood early in the process.

The first step in managing risk is to identify potential risks in order to plan an appropriate response. Once a risk and its associated uncertainties and negative consequences are identified, managers can respond in a variety of ways:

- **Avoidance:** proactively taking specific steps to change the course of action to avoid or prevent the risk;
- **Mitigation:** adopting measures to react to the risk to lessen its impact; in this case, the project or the organization or both can be modified to adapt to the risk;
- **Externalization:** either transferring or sharing the risk with a third party, usually a funder, an insurer, a partner or the clients;
- **Acceptance:** assuming the consequences and putting in place the proper resources to deal with them;
- **Refusal:** simply abandoning the project or restructuring it in a different way.

Inspired by the work of many authors and by the specific collaboration projects we studied, we offer a typology of risks associated with the delivery of public services by multiple partners. Risks can be usefully categorized by their source, either external or internal. External risks come mainly from the socio-economic, political, and technological environments. Internal risks come from the nature of the project, the participants, and their relationships. The following table offers some categories and examples of external risks.

External risks associated with collaboration projects	
Socio-economic risks	<i>Competition:</i> the service is offered elsewhere or a substitute service exists, for instance one offered on a private basis. <i>Changes in demand:</i> a sudden event creates or changes the demand for the service, either increasing or decreasing it. <i>Changes in citizen expectations:</i> better informed citizens become more demanding about the quality and cost of government performance
Technological risks	<i>Obsolescence:</i> rapidly evolving technologies cause the technology chosen for a project to become obsolete. <i>Innovation:</i> the technology to be used has never been used in the planned way before.
Political risks	<i>Competing goals:</i> different parts of the government seek different or conflicting objectives or support different or competing means for achieving them. <i>New or modified law or regulation:</i> the environment or the project itself is affected by new legal requirements or rules. <i>Election of a new leader or majority party or change in political priorities:</i> because these projects tend to unfold over a number of years, such changes in leadership and political focus are inevitable.